

House File 151 - Introduced

HOUSE FILE _____
BY L. MILLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring the owner of a motor vehicle to maintain
2 financial liability coverage as a condition for registration
3 of the vehicle, requiring insurance carriers to certify
4 automobile financial liability coverage to the department of
5 transportation, and providing civil and criminal penalties.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 1335YH 83
8 av/nh/14

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1 1 Section 1. Section 321.20, subsection 1, Code 2009, is
1 2 amended by adding the following new paragraph:
1 3 NEW PARAGRAPH. g. If the vehicle is a motor vehicle, the
1 4 owner shall certify on the application that financial
1 5 liability coverage is in effect for the motor vehicle as
1 6 required by section 321.21. The application provided by the
1 7 department shall include a statement for the applicant to sign
1 8 that acknowledges the applicant's knowledge of the requirement
1 9 to notify the county treasurer of a financial liability
1 10 coverage change.

1 11 Sec. 2. NEW SECTION. 321.21 PROOF OF FINANCIAL LIABILITY
1 12 COVERAGE REQUIRED FOR MOTOR VEHICLE REGISTRATION == PENALTIES.

1 13 1. A motor vehicle shall not be registered unless
1 14 financial liability coverage, as defined in section 321.1,
1 15 subsection 24B, is in effect for the motor vehicle at the time
1 16 of registration. If the form of financial liability coverage
1 17 is an owner's policy of liability insurance, the owner shall
1 18 provide a description of the financial liability coverage as
1 19 noted on the proof of financial liability coverage card issued
1 20 for the motor vehicle. The department may require that the
1 21 owner's insurance company verify that the financial liability
1 22 coverage is in effect for the motor vehicle at the time of
1 23 application for registration.

1 24 2. When the insurance carrier or other source of financial
1 25 liability coverage for a vehicle changes, the owner shall
1 26 notify the county treasurer within five days of obtaining the
1 27 new coverage. If liability insurance for the motor vehicle is
1 28 canceled or terminated at any time during the period of
1 29 registration for a reason other than transfer of ownership of
1 30 the motor vehicle, and new coverage is not obtained, the owner
1 31 shall immediately surrender the registration certificate and
1 32 registration plates for the motor vehicle to the county
1 33 treasurer.

1 34 3. An insurance company shall notify the department within
1 35 twenty business days of the cancellation or termination of an
2 1 owner's policy of liability insurance. However, notice of
2 2 cancellation is not required if the insurer cancels or
2 3 terminates the old policy, no lapse in coverage results, and
2 4 the insurer sends the certificate of insurance form for the
2 5 new policy to the department.

2 6 4. a. Upon receiving notice of a lapse in insurance
2 7 coverage for a motor vehicle, the department shall notify the
2 8 owner of the lapse in coverage and require the owner to do one
2 9 of the following within five days of the notification:

2 10 (1) Certify to the department that other financial
2 11 liability coverage was in effect prior to the date of
2 12 termination of the insurance coverage.

2 13 (2) If a lapse in coverage occurred, certify that new
2 14 financial liability coverage is in effect and, if the lapse
2 15 was for more than five business days, pay a civil penalty of
2 16 fifty dollars to the department.

2 17 (3) Surrender the registration receipt and registration

2 18 plates for the motor vehicle to the county treasurer.
2 19 b. Failure of the owner to certify that financial
2 20 liability coverage is in effect is prima facie evidence that
2 21 such coverage does not exist, and unless the owner has
2 22 surrendered the registration receipt and plates, the
2 23 department shall revoke the registration for the vehicle. A
2 24 revoked registration may be renewed after thirty days upon
2 25 payment of a \$50 civil penalty to the department and
2 26 certification that financial liability coverage is in effect
2 27 for the vehicle.

2 28 5. The department shall waive the civil penalties imposed
2 29 by this section for an owner who, at the time of notification
2 30 of a lapse in financial liability coverage, is in the military
2 31 service of the United States and has been deployed outside the
2 32 continental United States for a period of forty-five days or
2 33 more. Upon receiving notice of revocation of registration due
2 34 to a lapse in coverage, the owner shall be allowed to transfer
2 35 the vehicle's ownership and registration to the owner's spouse
3 1 or child without penalty.

3 2 6. a. A person who falsely certifies as to financial
3 3 liability coverage required under this section commits a
3 4 simple misdemeanor.

3 5 b. The owner of a motor vehicle subject to registration
3 6 who permits the vehicle to be operated by another person
3 7 without having financial liability coverage in effect as
3 8 required under this section commits a simple misdemeanor.

3 9 Sec. 3. Section 321.30, Code 2009, is amended by adding
3 10 the following new subsection:

3 11 NEW SUBSECTION. 4. The department or the county treasurer
3 12 shall refuse registration of a motor vehicle if the owner does
3 13 not provide satisfactory certification that financial
3 14 liability coverage is in effect for the motor vehicle as
3 15 required by section 321.21.

3 16 Sec. 4. Section 321.40, Code 2009, is amended by adding
3 17 the following new subsection:

3 18 NEW SUBSECTION. 7A. A form for certification of financial
3 19 liability coverage shall accompany each renewal statement sent
3 20 to the owner of a motor vehicle under this section. The
3 21 county treasurer shall refuse to renew the registration of a
3 22 motor vehicle if the applicant does not submit certification
3 23 of financial liability coverage in effect for the motor
3 24 vehicle as required by section 321.21.

3 25 Sec. 5. NEW SECTION. 516B.4 REPORTS TO STATE DEPARTMENT
3 26 OF TRANSPORTATION.

3 27 An insurance company transacting business in this state
3 28 shall provide certification of automobile liability policies
3 29 as required pursuant to section 321.21 within seven business
3 30 days of receiving a request from the state department of
3 31 transportation. An insurance company shall notify the
3 32 department of transportation within twenty business days of
3 33 the cancellation or termination of an automobile liability
3 34 policy.

3 35 EXPLANATION

4 1 This bill requires the owner of a motor vehicle to certify
4 2 that financial liability coverage is in effect for the vehicle
4 3 as a condition for registration of the vehicle. Certification
4 4 is required at the time of application for registration and
4 5 for registration renewal. The owner is required to notify the
4 6 county treasurer of any change in coverage within five days of
4 7 obtaining the new coverage. If coverage is canceled or
4 8 terminated and new coverage is not obtained, the owner is
4 9 required to surrender the vehicle's registration certificate
4 10 and registration plates to the county treasurer.

4 11 The bill authorizes the department of transportation to
4 12 require an insurance carrier to verify financial liability
4 13 coverage certified by an owner, and requires an insurance
4 14 carrier to notify the department within 20 business days of
4 15 the cancellation or termination of an owner's liability
4 16 insurance policy. The notification is not required if the
4 17 insurance carrier sends a new certificate of insurance form
4 18 for a new policy covering the vehicle to the department.

4 19 When the department is notified by an insurance carrier of
4 20 a lapse in coverage, the department shall provide notice to
4 21 the motor vehicle owner of the need to either certify that
4 22 other coverage was in effect prior to the termination of the
4 23 insurance policy; certify that new coverage is in effect
4 24 following the lapse, and if the lapse was for more than five
4 25 business days, pay a civil penalty of \$50; or surrender the
4 26 registration receipt and plates for the motor vehicle to the
4 27 county treasurer. If the owner fails to certify financial
4 28 liability coverage or to surrender the registration receipt

4 29 and plates within five days of receipt of the notice, the
4 30 department shall revoke the motor vehicle registration.
4 31 Registration may be renewed after 30 days, upon certification
4 32 that financial liability coverage has been obtained and
4 33 payment of a \$50 civil penalty to the department.

4 34 The bill requires the department to waive any civil
4 35 penalties relating to a lapse in financial liability coverage
5 1 for a member of the military service of the United States who
5 2 has been deployed outside the continental United States for 45
5 3 days or more. Such an owner whose registration has been
5 4 revoked because of a lapse in insurance coverage shall be
5 5 allowed to transfer ownership and registration of the motor
5 6 vehicle to the owner's spouse or child without penalty.

5 7 The bill provides that the owner of a motor vehicle commits
5 8 a simple misdemeanor if the owner permits the vehicle to be
5 9 operated by another person without having financial liability
5 10 coverage in effect for the vehicle. In addition, a person who
5 11 falsely certifies as to financial liability coverage required
5 12 for registration or renewal commits a simple misdemeanor. A
5 13 simple misdemeanor is punishable by confinement for no more
5 14 than 30 days or a fine of at least \$65 but not more than \$625,
5 15 or by both.

5 16 LSB 1335YH 83

5 17 av/nh/14